

## EXHIBIT 2

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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK  
2 -----x

3 ROYAL PARK INVESTMENTS  
4 S.A./N.A., et al.

Plaintiffs,

14 CV 8175 (LGS)  
14 CV 9366 (LGS)  
15 CV 2144 (LGS)

5 HSBC BANK USA NATIONAL  
6 ASSOCIATION,

Conference

7 Defendant.

8 -----x

9  
10 New York, N.Y.  
11 June 29, 2016  
12 4:00 p.m.

13 Before:

14 HON. SARAH NETBURN

15 District Judge

16

APPEARANCES

17

18 ROBBINS GELLER RUDMAN & DOWD LLP  
19 Attorneys for Royal Park Investments plaintiffs  
BY: CHRISTOPHER WOOD

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WOLLMUTH MAHER & DEUTSCH LLP  
Attorneys for Phoenix Light and Commerzbank plaintiffs  
BY: STEVEN S. FITZGERALD  
NIRAJ PAREK

23

KOREIN TILLERY LLP  
Attorneys for NCUA Board plaintiffs  
BY: JOHN A. LIBRA  
MAX GIBBONS

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1 NCUA has been attempting to decrypt the hard drives that the  
2 credit unions had. This has taken some additional time.

3 We expect to be able to work through these issues. We  
4 have one now that we think we can open. We have talked about  
5 that with HSBC, so I don't think it will come as a surprise to  
6 them that there will be some additional productions from that  
7 credit union. We have made productions from the paper  
8 documents that we had from that credit union, so there is not  
9 an entire absence of production there.

10 We are working through the issues. I don't want to  
11 use the term "substantial," either, but within the schedule  
12 proposed by the plaintiffs, we will be able to meet that and  
13 produce what we have agreed to produce.

14 There is one issue we would like to raise with the  
15 Court here today that goes to some of these issues. As other  
16 plaintiffs have mentioned, some of these things haven't really  
17 been raised before, so we haven't had a chance to fully discuss  
18 them with HSBC.

19 I think there may be sort of a fundamental misunder-  
20 standing between the parties as to how this process of  
21 producing documents ought to be going. I can speak for my  
22 client NCUA Board, and I have discussed with the other  
23 plaintiffs, what we have been doing to produce documents as it  
24 relates to these search terms.

25 What we have done is collected our universe of

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1 documents and run the search terms across those, and then done  
2 what I would call light review for responsiveness, and also for  
3 privilege of course. As a result, certain things do slip  
4 through, recipes, other odd pieces of information.

5 Our understanding about the scope of this process and  
6 what the Court was ordering us to do was that we should be  
7 taking the results of those searches terms and essentially  
8 presuming that those were responsive documents that ought to be  
9 produced in this litigation. Otherwise, what was the point of  
10 this whole vigorous back-and-forth over what these terms were  
11 going to be and who the custodians were going to be, if there  
12 was then going to be some additional hardcore what I would call  
13 relevance review of those documents?

14 From what we have reviewed thus far from HSBC's  
15 production and from our conversations with them, we have a  
16 strong suspicion that there's been a much more involved  
17 responsiveness review/relevance review of those documents that  
18 were the result of these search terms. We want to raise that  
19 issue with the Court.

20 We have been trying to get an answer from HSBC as to  
21 what level of review they have been performing on the results  
22 of these searches, and we haven't been able to get a straight  
23 answer from them. What we have heard here in court, what we  
24 have seen in the documents, and what we have heard from them in  
25 our back-and-forth on these issues doesn't leave us very

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1 confident that they have been actually producing what are the  
2 responsive documents that we believe are relevant.

3 What we think is happening here is that they are  
4 taking the search term documents and then applying their own  
5 subjective test as to what is relevant to those, and then  
6 producing that smaller set of documents. As you know, we have  
7 been in here a number of times and we are obviously on  
8 completely different sides of the earth as to what is relevant  
9 here in these lawsuits.

10 We don't think it is appropriate for HSBC to be  
11 applying that level of review to these documents. We think as  
12 a result of it, we haven't been receiving what we are entitled  
13 to receive that we need in order to prove our case. I'll give  
14 you a couple of quick examples.

15 One would be a discussion of a certain servicer or a  
16 certain originator that doesn't specifically refer to a bell-  
17 wether trust. We think those documents are being screened out  
18 of this process, not turned over to us. They may argue, hey,  
19 that's not relevant, but in our view of these cases it is  
20 extremely relevant to show that HSBC discovered problems within  
21 these trusts with these originators, with these servicers.

22 Another example is documents that would speak to  
23 various policies about repurchasing documents. It is true they  
24 have produced some of their formal policies, but as we  
25 understand it, documents that discuss more generally, emails

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1 between various employees that talk about repurchase protocols,  
2 that type of thing, we don't think those have been produced.  
3 We think those have been screened out based on HSBC's  
4 subjective view that that material isn't relevant.

5 You have heard from Mr. Reddington and HSBC about the  
6 various deficiencies they see in our productions. I think I  
7 can speak for all the plaintiffs in saying that we have tried  
8 to adhere to running the searches. We are trying to weed out  
9 as much junk as we can, but we have a large volume of material,  
10 so certain things are going slip through and be produced.

11 Speaking personally for our client, we would rather  
12 have them give us too much and we can search through it and  
13 figure out what is junk and what is not, than get way too  
14 little. From what we have seen, we are getting way too little  
15 here. We would ask the Court and HSBC to clarify what kind of  
16 review they are doing of these documents, and we would ask the  
17 Court to give us some guidance on what we ought to be doing  
18 here.

19 I am hesitant to wait until August to come in with  
20 these type of issues because this is really a fundamental  
21 issue. If there has been this deeper level of review on these  
22 documents and we haven't been receiving the responsive hits to  
23 our search terms that we went back and forth to negotiate,  
24 that's a big problem and that is going to push out the schedule  
25 even further. So, to the extent there has been this more

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1 universe of documents in this case. We have all then applied  
2 our search terms to that universe of documents, and then that  
3 has resulted in the sort of universe of documents that are  
4 presumptively responsive. That's a concrete identifiable  
5 universe of documents. There is then the documents that have  
6 been produced.

7 At a minimum, we need to know out of that smaller set,  
8 the set that resulted from running the search terms, how many  
9 of those have been produced to us. If it's an extremely small  
10 number, that is evidence to me that there is a very high level,  
11 very detailed level of additional review that's going on before  
12 we see any documents.

13 THE COURT: Except that they say that half of the  
14 documents you produced are Bloomberg reports or lasagna  
15 recipes.

16 MR. LIBRA: Your Honor, they have asked for  
17 essentially everything having to do with our RMBS investments.  
18 Those Bloomberg messages are certainly something having to do  
19 with all of the plaintiffs' RMBS investments. That's why we  
20 produced them. In fact, we had a discussion with HSBC and said  
21 if you don't want them, we will try and pull them out. But  
22 they are responsive.

23 We think they are irrelevant, of course. We think the  
24 vast majority of the material that we have been producing to  
25 them is irrelevant. We think this case should be focused on

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1 what HSBC didn't do with respect to protecting investors in  
2 these trusts. We don't think what our plaintiffs did matters  
3 at all. That doesn't mean we get to withhold it all from them.  
4 We still need to produce it. It's responsive to their  
5 requests, and it can form a foundation of their defenses in  
6 this case.

7           We just ask for the same in return, that we get the  
8 documents we think are responsive. We can have an argument  
9 later about whether or not the conduct of a servicer that  
10 wasn't servicing a particular bellwether trust is relevant to  
11 our case. But we ought to be entitled to see that material and  
12 attempt to use it to prove our claims here.

13           I think we are only getting a sliver of what has been  
14 hit upon the search terms. So really at a minimum what I am  
15 asking for, your Honor, is to at least order HSBC to tell us  
16 what that universe was of the documents that resulted from  
17 running the search terms and tell us how that compares to what  
18 they have produced.

19           MR. GALDSTON: May I add just one thought?

20           THE COURT: After your colleague.

21           MR. WOOD: On behalf of Royal Park, in response to  
22 what Mr. Reddington said, his suggestion that he had not  
23 understood that we were turning over documents responsive to  
24 search terms is completely contrary to the agreement that we  
25 reached with his colleagues.

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1           We specifically discussed this earlier in the year,  
2 whether or not Royal Park was doing a relevancy review. They  
3 were concerned about the scope of what we think is relevant or  
4 not, and we told them that the easiest way to deal with this is  
5 **we would just produce all the documents that were responsive to**  
6 **the search terms and not do that relevance review, and they**  
7 **specifically agreed to that.**

8           Mr. Reddington, perhaps they are not talking on their  
9 side, but I'm slightly upset that he would make a  
10 representation that he hadn't understood, at least from Royal  
11 Park, that that's what they were doing, because that's what  
12 they agreed to. Frankly, we expected that that's what they  
13 would be doing too. So we are a little surprised by that.

14           THE COURT: Thank you.

15           MR. GALDSTON: A few details to add to what Mr. Libra  
16 ably addressed. We now live in a modern technological world,  
17 massive amounts of information, and most courts abide by and  
18 follow the Sedona principles. Judge Scheindlin has co-authored  
19 a handbook on e-discovery that embraces this very same concept.  
20 Search terms are intended to reduce the need for manual review.  
21 That is a fundamental tenet. That is what we attempted to do  
22 here.

23           We did not impose our view. While we objected to  
24 objected to many of the requests that HSBC propounded and we  
25 felt in our view they were not relevant to any party's claim or

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1 defense, we did not impose our view of that relevance in  
2 screening out the documents that they nevertheless specifically  
3 requested.

4 The Bloomberg reports, these same things they are now  
5 calling junk, the very same documents they asked us for, we  
6 objected to producing. Nevertheless, we did not impose in  
7 secret our screen of what we think is relevant or not relevant.  
8 That's where the disconnect is. We are entitled to know, and I  
9 believe they are obligated to tell us, what documents they are  
10 withholding based on their view of relevance, which we disagree  
11 with.

12 THE COURT: Here is what I'm going to do.

13 MR. FITZGERALD: One more thing, your Honor. You  
14 raised one point that I think is interesting. What Mr.  
15 Reddington is saying is they are doing a responsiveness and a  
16 relevance review. Our position is they should be doing a  
17 review for responsiveness only. They make the subjective  
18 determination on top of that with respect to relevance. I  
19 would like to hear a representation from Mr. Reddington of what  
20 the review is, your Honor.

21 THE COURT: This is an issue that seems like there may  
22 be, given what counsel from Royal Park has said, maybe not full  
23 information that Mr. Reddington has. It sounds like this is an  
24 issue that is new to the parties. I want you to discuss this  
25 among yourselves immediately. It may be that a conversation